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WTO BANANA REPORT CONFIRMS U.S. WIN

The World Trade Organization (WTO) released to the public today the final dispute settlement panel report on the European Union's banana trade regulations. The WTO panel's findings, which uphold the claims of the United States, Ecuador, Guatemala, Honduras, and Mexico, were issued confidentially to the concerned governments on April 29.

"This final report sets important precedent for all U.S. exporters of services and agricultural goods," U.S. Trade Representative Charlene Barshefsky said. "I am gratified that the WTO has denounced a variety of egregious non-tariff barriers that impede U.S. exports. This is a promising sign that the WTO dispute settlement system can handle even the most entrenched barriers facing U.S. exports."

The WTO report finds that Europe's banana import regime is protectionist and discriminatory, violating WTO rules on sixteen counts. EU measures found to be inconsistent with WTO rules include:

- distribution of import licenses for Latin American bananas to French and British companies (whose previous business had been limited to the distribution of European, Caribbean and African bananas), taking away a major part of the banana distribution business U.S. companies had developed over this century;
- distribution of import licenses for Latin American bananas to European banana ripening firms (which had not historically imported bananas), also taking away U.S. company business;
- the imposition of more burdensome licensing requirements for imports from the Latin American co-complainants than those applied to other countries' bananas;
- the discriminatory allocation of access to the EU market into shares not based on past levels of trade (which creates trade distortions).

The United States expects the WTO report to lead to a new EU banana trade policy that is fully consistent with the EU's international trade obligations.

The WTO report does not address the zero-tariff preference for Caribbean banana imports predating the 1993 European regime, which the United States has not challenged. "This Administration has made it clear that this case must be resolved in a manner which allows WTO-consistent tariff preferences for traditional Caribbean bananas. This will provide more certainty to countries as they prepare for the future and allow the Caribbean to begin working towards more efficient banana production and economic diversification," said Barshefsky.

The banana dispute is the third case brought successfully by the United States through the WTO panel process.

Note: The full text of all WTO panel reports is on the WTO's World Wide Web site at <http://www.wto.org>.